



P.O. Box 942701  
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Date: December 2, 2005  
Reference No.:  
Circular Letter No.: 310-263-05  
Distribution: I, IIA, IV, V, VI, X, XII

Special:

# **Circular Letter**

TO: EMPLOYERS COVERED BY CALPERS, EMPLOYEE ORGANIZATIONS AND  
OTHER INTERESTED PARTIES

SUBJECT: MEETING NOTICE OF THE CALPERS BOARD OF ADMINISTRATION AND  
ITS COMMITTEES

The CalPERS Board of Administration and its Committees are scheduled to meet on the following days in December. All meetings will be held in public session unless otherwise noted.

## **Investment Committee**

Date and Time: Monday, December 12, 2005, 8:30 a.m.

Location: Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, CA

The Committee will meet in closed session to discuss personnel and investment matters pursuant to Government Code sections 11126(a)(1) and (c)(16).

## **Investment Committee**

Date and Time: Monday, December 12, 2005, 9:00 a.m.

Location: Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, CA

The Committee will meet in closed session to discuss personnel matters pursuant to Government Code sections 11126(a)(1) and (g)(1).

## **Investment Committee**

Date and Time: Monday, December 12, 2005, 9:30 a.m. or upon adjournment or recessing of the preceding Investment Committee closed session, whichever is later

Location: Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, CA

A closed session will be held upon adjournment or recessing of the open session to consider investment matters pursuant to Government Code sections 11126(c)(16) and 11126(e)(2).

## **Benefits and Program Administration Committee**

Date and Time: Tuesday, December 13, 2005, 9:00 a.m.

Location: Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, CA

## **Health Benefits Committee**

Date and Time: Tuesday, December 13, 2005, 10:00 a.m. or upon adjournment or recessing of the Benefits and Program Administration Committee meeting, whichever is later

Location: Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, CA

A closed session will be held to discuss 2007 Health Plan Contract negotiations pursuant to Government Code section 11126(c)(17).

Ad Hoc Board Governance

Date and Time: Tuesday, December 13, 2005, 1:30 p.m. or upon adjournment or recessing of the Health Benefits Committee meeting, whichever is later  
Location: Room 1140, Lincoln Plaza North, 400 Q Street, Sacramento, CA

Board of Administration

Date and Time: Wednesday, December 14, 2005, 8:00 a.m.  
Location: Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, CA  
The Board will meet in closed session to discuss personnel issues pursuant to Government Code sections 11126(a)(1) and (g)(1).

Board of Administration

Date and Time: Wednesday, December 14, 2005, 9:00 a.m. or upon adjournment or recessing of the closed session of the Board of Administration, which is scheduled to commence at 8:00 a.m., whichever is later  
Location: Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, CA

Items scheduled for the public sessions of the meetings are listed on the attached agendas. This information is also available on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov). Questions pertaining to the meetings may be directed to Lanette Hunt at 916/795-3829.

The Board would be pleased to have you or representatives of your agency at the public sessions. The facilities are accessible to persons with disabilities. Requests for sign language or captioning services require a minimum of 72 hours notice. To request service, please call 916/795-3065 (voice or TTY).

FRED BUENROSTRO  
Chief Executive Officer

Attachments

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

**BOARD OF ADMINISTRATION**

**INVESTMENT COMMITTEE**

**December 12, 2005**

**PLACE:**

**Lincoln Plaza North  
400 Q Street  
Auditorium  
Sacramento, California**

**TIME:**

- |                       |  |
|-----------------------|--|
| <b>CLOSED SESSION</b> | <b>8:30 a.m.</b> (Government Code sections 11126(a)(1) and (c)(16))<br>CHIEF INVESTMENT OFFICER'S BRIEFING ON<br>MARKET AND PERSONNEL ISSUES |
| <b>CLOSED SESSION</b> | <b>9:00 a.m.</b> (Government Code sections 11126(a)(1) and (g)(1))<br>CHIEF INVESTMENT OFFICER RECRUITMENT                                   |
| <b>OPEN SESSION</b>   | <b>9:30 a.m. or upon adjournment or recess of Closed Session,<br/>whichever is later</b>   |
| <b>CLOSED SESSION</b> | <b>Upon adjournment or recess of Open Session</b><br>(Government Code sections 11126(c)(16) and (e)(2))                                      |

**ROLL CALL:**

Committee Members

Charles Valdes, Chair  
George Diehr, Vice Chair  
Ron Alvarado  
Philip Angelides  
Marjorie Berte  
Robert F. Carlson  
Rob Feckner  
Priya Mathur  
Michael Navarro  
Tony Oliveira  
Mike Quevedo, Jr.  
Kurato Shimada  
Steve Westly

	1. CALL TO ORDER & ROLL CALL
ACTION	2. Approval of Agenda
ACTION	3. Approval of the November 14, 2005 Open Session Minutes
INFORMATION	4. CalPERS Total Fund Quarterly Report
ACTION	5. Investment Office Operations Annual Plan <ul style="list-style-type: none"> <li>a. Administrative and Operational Services</li> <li>b. Supplemental Savings Programs</li> </ul>
ACTION	6. Asset Allocation / Risk Management Annual Plan
ACTION / INFORMATION	7. Real Estate <ul style="list-style-type: none"> <li>a. R Street Subcommittee Report</li> </ul>
ACTION / INFORMATION	8. Alternative Investment Management (AIM) Program <ul style="list-style-type: none"> <li>a. AIM Strategic Review – Preliminary Action Plan</li> </ul>
ACTION / INFORMATION	9. Global Equity <ul style="list-style-type: none"> <li>a. Domestic Equity Growth Manager RFP</li> <li>b. Update on Investments in Companies Doing Business in the Sudan</li> <li>c. New Enhanced Indexing Initiative</li> <li>d. Corporate Governance Internal Staff Working Group Update</li> </ul>
INFORMATION	10. Global Fixed Income <ul style="list-style-type: none"> <li>a. Currency Overlay Managers Annual Review</li> </ul>
ACTION	11. Follow Up to Board Workshop on Expanding Investment Opportunities through Diversity
ACTION / CONSENT	12. Chief Investment Officer's/Assistant Executive Officer's Report <ul style="list-style-type: none"> <li>a. Consolidated Investment Activity Report</li> <li>b. Report on China</li> </ul>
INFORMATION	13. Draft Agenda for February 14, 2006
	14. Public Comment

Note: Items designated for information are appropriate for Board/Committee action if the Board/Committee wishes to take action. Any agenda item from a properly noticed Subcommittee meeting held immediately prior to this meeting may be reported on or presented to the Investment Committee for its consideration.

# **CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

## **BOARD OF ADMINISTRATION**

### **INVESTMENT COMMITTEE**

**December 12, 2005**

<b>CLOSED SESSION</b>	<b>Upon adjournment or recessing of Open Session</b> (Government Code section 11126(c)(16)) (Government Code section 11126(e)(2) [Item 4a only])	
	1.	CALL TO ORDER AND ROLL CALL
ACTION	2.	Approval of the November 14, 2005 Executive Closed and Closed Session Minutes
INFORMATION	3.	Asset Allocation Update
ACTION / INFORMATION	4.	Real Estate <ul style="list-style-type: none"><li>a. R Street Subcommittee Report - Actual and Potential Litigation and Settlement – Headquarters Building<ul style="list-style-type: none"><li>1) CalPERS v. City of Sacramento, et al. (Sacramento Superior Court No. 05AS04154)</li><li>2) Other Potential Litigation and Settlement Matters</li></ul></li><li>b. Hines Fund</li><li>c. Portfolio Acquisitions</li></ul>
INFORMATION	5.	Alternative Investment Management (AIM) Program
ACTION / INFORMATION	6.	Global Equity <ul style="list-style-type: none"><li>a. Internal Structured Equity Strategy</li><li>b. Corporate Governance Internal Staff Working Group Update<ul style="list-style-type: none"><li>1) Focus List – AIG Update</li></ul></li><li>c. External Manager Update</li></ul>
INFORMATION	7.	Global Fixed Income <ul style="list-style-type: none"><li>a. External Manager Update</li></ul>
INFORMATION	8.	Chief Investment Officer's/Assistant Executive Officer's Report <ul style="list-style-type: none"><li>a. Status of Action Items Not Yet Reported</li></ul>
CONSENT	9.	Activity Reports <ul style="list-style-type: none"><li>a. Alternative Investment Management Program</li><li>b. Risk Managed Absolute Return Strategies Program</li><li>c. Public Markets</li></ul>

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE**

**December 13, 2005**

**9:00 a.m.**

Lincoln Plaza North  
400 Q Street  
Auditorium  
Sacramento, California

**COMMITTEE MEMBERS**

Kurato Shimada, Chair  
Rob Feckner, Vice Chair  
Ron Alvarado  
Philip Angelides  
Robert F. Carlson  
George Diehr  
Priya Mathur  
Michael Navarro  
Steve Westly

**AGENDA**

- |                           |    |  |
|---------------------------|----|--|
|                           | 1. | CALL TO ORDER AND ROLL CALL  |
|                           | 2. | APPROVAL OF THE NOVEMBER 15, 2005 BENEFITS<br>AND PROGRAM ADMINISTRATION COMMITTEE (BPAC)<br>MEETING MINUTES |
| Action/Lisa Marie Hammond | 3. | STATE LEGISLATIVE PROPOSAL   |
| Action/Alan Milligan      | 4. | EFI'S PARALLEL VALUATION AND CERTIFICATION OF<br>THE CONTRACTING PUBLIC AGENCY PLANS AS OF<br>JUNE 30, 2003  |
| Information/Ray Lane      | 5. | RESULTS OF THE JUNE 30, 2004 ACTUARIAL<br>VALUATIONS FOR PUBLIC AGENCIES                                     |
| Information/Ron Seeling   | 6. | PENSION CONTRIBUTION STABILIZATION ACCOUNTS  |
| Information/Ron Seeling   | 7. | CHIEF ACTUARY REPORT   |

- |                           |     |   |
|---------------------------|-----|---|
| Information/Kathie Vaughn | 8.  | ASSISTANT EXECUTIVE OFFICER REPORT              |
| Information/Kathie Vaughn | 9.  | DRAFT AGENDA FOR FEBRUARY 15, 2006 BPAC MEETING |
|                           | 10. | PUBLIC COMMENT                                  |

NOTE: Items designated for information are appropriate for Committee action if the Committee wishes to take action. Any agenda item properly noticed for this Committee meeting may be brought to the full Board at its next regularly scheduled meeting.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
HEALTH BENEFITS COMMITTEE**

**December 13, 2005**

**Lincoln Plaza North  
400 Q Street  
Auditorium  
Sacramento, CA**

**COMMITTEE MEMBERS**

George Diehr, Chair  
Priya Mathur, Vice Chair  
Ron Alvarado  
Philip Angelides  
Robert F. Carlson  
Rob Feckner  
Michael Navarro  
Charles Valdes  
Steve Westly

**TIME: 10:00 a.m., or Upon Adjournment or Recess of the Benefits  
and Program Administration Committee Meeting,  
Whichever is Later**

**CLOSED SESSION: Upon Adjournment or Recessing of Open Session,  
ANNOUNCEMENT OF CLOSED SESSION TO DISCUSS 2007  
HEALTH PLAN CONTRACT NEGOTIATIONS (Government  
Code section 11126(c)(17))**

1. CALL TO ORDER AND ROLL CALL
2. ANNOUNCEMENT OF CLOSED SESSION TO DISCUSS  
2007 HEALTH PLAN CONTRACT NEGOTIATIONS
3. APPROVAL OF NOVEMBER 15, 2005, HEALTH BENEFITS  
COMMITTEE MEETING MINUTES
- Action/Richard Krolak 4. RECOMMENDATION FOR APPROVAL OF AWARD OF  
CONTRACT NO. 2004-3521, PHARMACY BENEFIT  
MANAGER, TO MEDCO HEALTH SOLUTIONS, INC.
- Action/Sandra Felderstein 5. PROPOSED CONTRACT EXTENSION FOR HEALTH CARE  
DECISION SUPPORT SYSTEM THIRD PARTY  
ADMINISTRATOR
- Information/Loren Suter 6. UPDATE ON PARTNERSHIP FOR CHANGE
- Information/Richard Krolak 7. SELF-FUNDED PROGRAMS FINANCIAL THIRD-QUARTER  
REVIEW



- |                             |     |   |
|-----------------------------|-----|---|
| Information/Richard Krolak  | 8.  | HEALTH ACTUARIAL AND BENEFITS CONSULTANT SERVICES POOL REQUEST FOR PROPOSAL |
| Information/Terri Westbrook | 9.  | ASSISTANT EXECUTIVE OFFICER REPORT  |
| Information                 | 10. | PROPOSED AGENDA FOR FEBRUARY 15, 2006, HEALTH BENEFITS COMMITTEE MEETING    |
| Information                 | 11. | PUBLIC COMMENTS   |

NOTE: Items designated for information are appropriate for Committee action if the Committee wishes to take action. Any agenda item acted upon at this committee meeting may be brought to the full Board at its next regularly scheduled meeting.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION**

**AD HOC BOARD GOVERNANCE COMMITTEE**

**December 13, 2005  
1:30 or Upon Adjournment or Recess of the  
Health Benefits Committee Meeting, Whichever is Later**

Lincoln Plaza North  
400 Q Street  
Room 1140  
Sacramento, CA

**COMMITTEE MEMBERS**

Rob Feckner, Chair  
George Diehr, Vice Chair  
Robert Carlson  
Priya Mathur  
Kurato Shimada  
Chuck Valdes

**AGENDA**

- |             |    |   |
|-------------|----|---|
|             | 1. | Call To Order And Roll Call   |
| Action      | 2. | Approval of the September 19 and 20, 2005 Ad Hoc Board Governance Committee Meeting Minutes |
| Action      | 3. | Board/Staff Relations and Communications Protocols  |
| Action      | 4. | Board and Committee Meeting Procedures / Code of Ethics                                     |
| Action      | 5. | Future Committee Meeting Dates  |
| Information | 6. | Draft Agenda  |
|             | 7. | Public Comment  |

Note: Items designated for information are appropriate for Committee action if the Committee wishes to take action. Any agenda item properly noticed for this Committee meeting may be brought to the full Board at its next regularly scheduled meeting.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION**

DECEMBER 14, 2005

LINCOLN PLAZA NORTH  
400 Q STREET, AUDITORIUM  
SACRAMENTO, CA

**AGENDA**

**CLOSED SESSION** CHIEF EXECUTIVE OFFICER'S BRIEFING ON PERFORMANCE  
**8:00 A.M.** AND PERSONNEL ISSUES  
**(Gov. Code secs.**  
**11126(a)(1) and**  
**(g)(1))**

**OPEN SESSION**  
**9:00 A.M. OR UPON ADJOURNMENT OF CLOSED SESSION, WHICHEVER**  
**IS LATER**

1. CALL TO ORDER AND ROLL CALL
2. PLEDGE OF ALLEGIANCE
3. ANNOUNCEMENT OF CLOSED SESSION
4. APPROVAL OF THE NOVEMBER 16, 2005 MEETING MINUTES

INVESTMENTS

Mr. Anson 5. CHIEF INVESTMENT OFFICER'S/ASSISTANT EXECUTIVE  
OFFICER'S REPORT

COMMITTEE REPORTS (ANY AGENDA ITEM FROM A  
PROPERLY NOTICED COMMITTEE MEETING HELD  
PRIOR TO THIS MEETING MAY BE REPORTED ON OR  
PRESENTED TO THE BOARD FOR ITS  
CONSIDERATION.)

Mr. Valdes 6. INVESTMENT COMMITTEE (ORAL)

Mr. Shimada 7. BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE  
(ORAL)

Mr. Diehr 8. HEALTH BENEFITS COMMITTEE (ORAL)

- |             |     |   |
|-------------|-----|---|
| Mr. Carlson | 9.  | FINANCE COMMITTEE (ORAL)                      |
| Ms. Mathur  | 10. | PERFORMANCE AND COMPENSATION COMMITTEE (ORAL) |
| Mr. Feckner | 11. | AD HOC BOARD GOVERNANCE COMMITTEE (ORAL)      |

GENERAL

- |                |     |  |
|----------------|-----|--|
| Mr. Buenrostro | 12. | BOARD MEETING CALENDAR   |
| Mr. Buenrostro | 13. | CHIEF EXECUTIVE OFFICER'S REPORT (ORAL)  |
| Ms. Andrews    | 14. | EXECUTIVE COMPENSATION CONSULTANT RFP:<br>INTERVIEW OF FINALISTS AND AWARD OF CONTRACT<br><b>TIME CERTAIN – 10:00 A.M.</b> |

GOVERNMENTAL AFFAIRS

- |             |     |  |
|-------------|-----|--|
| Ms. Hammond | 15. | BOARD'S STATE LEGISLATIVE PROGRAM/BOARD'S<br>POSITION ON STATE LEGISLATION     |
| Ms. Hammond | 16. | BOARD'S FEDERAL LEGISLATIVE PROGRAM/BOARD'S<br>POSITION ON FEDERAL LEGISLATION |

LEGAL

- |           |     |  |
|-----------|-----|--|
| Mr. Mixon | 17. | PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES<br>A. BONNIE S. EASLEY<br>B. HOBART G. HAMILTON<br>C. LESLEY B. CURTIS |
| Mr. Mixon | 18. | PETITION FOR RECONSIDERATION<br>A. SALLY J. MAPES  |
| Mr. Mixon | 19. | GENERAL COUNSEL'S REPORT<br>A. MONTHLY NEW CASE REPORTS<br>B. ASSIGNMENT MATRIX  |

OTHER

- |                |     |  |
|----------------|-----|--|
| Mr. Feckner    | 20. | BOARD TRAVEL APPROVALS                     |
| Mr. Buenrostro | 21. | DRAFT AGENDA FOR FEBRUARY 16, 2006 MEETING |

22. NEW BUSINESS AGENDA SETTING

23. PUBLIC COMMENT

Note: Items designated for information are appropriate for Board/Committee action if the Board/Committee wishes to take action. Any agenda item from a properly noticed Committee meeting held immediately prior to this Board meeting may be considered by the Board.



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Date: November 29, 2005  
Reference No.:  
Circular Letter No.: 310-262-05  
Distribution: I, IIA, IV, V, VI, X, XII

Special:

# **Circular Letter**

TO: EMPLOYERS COVERED BY CALPERS, EMPLOYEE ORGANIZATIONS AND  
OTHER INTERESTED PARTIES

SUBJECT: MEETING NOTICE OF THE CALPERS BOARD OF ADMINISTRATION'S  
COMMITTEES

## Finance Committee

Date and Time: Friday, December 9, 2005, 9:30 a.m.

Location: Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, CA

## Performance and Compensation Committee

Date and Time: Friday, December 9, 2005, 10:30 a.m. or upon adjournment or recess  
of the Finance Committee meeting, whichever is later

Location: Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, CA

## R Street Subcommittee

Date and Time: Friday, December 9, 2005, 11:30 a.m. or upon adjournment or  
recess of the Performance and Compensation Committee meeting, whichever is later

Location: Room 1140, Lincoln Plaza North, 400 Q Street, Sacramento, CA

A closed session will be held to discuss investment matters pursuant to Government  
Code section 11126(c)(16) and litigation pursuant to Government Code section  
11126(e)(2), including *California Public Employees' Retirement System v. The City of  
Sacramento, the County of Sacramento, et al.*,

Sacramento County Superior Court No. 05AS04154

## Investment Policy Subcommittee

Date and Time: Friday, December 9, 2005, 1:00 p.m. or upon adjournment or recess  
of the R Street Subcommittee meeting, whichever is later

Location: Room 1140, Lincoln Plaza North, 400 Q Street, Sacramento, CA

Circular Letter No. 310-262-05  
November 29, 2005  
Page 2

Items scheduled for the public sessions of the meetings are listed on the attached agendas. This information is also available on the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov). Questions pertaining to the meetings may be directed to Lanette Hunt at 916/795-3829.

FRED BUENROSTRO  
Chief Executive Officer

Attachments

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION**

**FINANCE COMMITTEE**

**FRIDAY, DECEMBER 9, 2005  
9:30 A.M.**

Lincoln Plaza North  
400 Q Street  
Auditorium  
Sacramento, CA 95814

**COMMITTEE MEMBERS**

Robert F. Carlson, Chair  
Steve Westly, Vice Chair  
Philip Angelides  
George Diehr  
Priya Mathur  
Charles Valdes

**AGENDA**

1. CALL TO ORDER AND ROLL CALL
2. APPROVAL OF NOVEMBER 15, 2005 MEETING MINUTES

**AUDITS**

INFORMATION  
Larry Jensen

3. CHIEF AUDITOR'S REPORT

INFORMATION  
Larry Jensen

4. OFFICE OF AUDIT SERVICES QUARTERLY STATUS REPORT

**COMPLIANCE**

INFORMATION  
Sherry Johnstone

5. COMPLIANCE OFFICE REPORT



## **ADMINISTRATION**

### **PLANNING**

ACTION  
Susan Garrett

6. 2005-2006 ANNUAL PLAN – FIRST QUARTER UPDATE

## **INFORMATION TECHNOLOGIES SERVICES**

INFORMATION  
Gene Reich

7. INFORMATION TECHNOLOGIES SERVICES STATUS REPORT

### **BUDGETS**

ACTION  
Russell Fong

8. FISCAL YEAR (FY) 2005-06 MID-YEAR BUDGET REVISIONS (FIRST READING)

ACTION  
Russell Fong

9. BUDGET AND EXPENDITURE REPORT FOR THE FIRST QUARTER OF FISCAL YEAR 2005-06

INFORMATION  
Russell Fong

10. CURRENT BUDGET ISSUES

ACTION  
Richard Aldama

11. DISABLED VETERAN BUSINESS ENTERPRISE CONTRACT PARTICIPATION, 2004-05 ANNUAL REPORT

INFORMATION  
Curtis Howard

12. ASSISTANT EXECUTIVE OFFICER REPORT

INFORMATION  
Curtis Howard

13. PROPOSED FEBRUARY 2006 AGENDA

14. PUBLIC COMMENT

NOTE: Items designated for information are appropriate for Committee action if the Committee wishes to take action. Any agenda item properly noticed for this Committee meeting may be brought to the full Board at its next regularly scheduled meeting.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION**

**PERFORMANCE AND COMPENSATION COMMITTEE**

**DECEMBER 9, 2005**

**10:30 A.M. OR UPON ADJOURNMENT OR RECESS OF THE  
FINANCE COMMITTEE MEETING, WHICHEVER IS LATER**

**LINCOLN PLAZA NORTH  
400 Q STREET  
AUDITORIUM  
SACRAMENTO, CALIFORNIA**

**COMMITTEE MEMBERS**

**Priya Mathur, Chair  
Robert F. Carlson  
George Diehr  
Michael Navarro  
Kurato Shimada  
Charles Valdes**

**AGENDA**

**OPEN SESSION**

- |                           |    |  |
|---------------------------|----|--|
|                           | 1. | CALL TO ORDER AND ROLL CALL  |
|                           | 2. | APPROVAL OF THE OCTOBER 14, 2005<br>PERFORMANCE AND COMPENSATION<br>COMMITTEE MEETING MINUTES  |
| Action/Chris O'Brien      | 3. | FIRST QUARTER STATUS REPORTS ON<br>PERFORMANCE PLANS OF THE CHIEF<br>EXECUTIVE OFFICER, CHIEF ACTUARY, CHIEF<br>INVESTMENT OFFICER AND HIS DIRECT<br>REPORTING STAFF |
| Information/Chris O'Brien | 4. | CHANGES IN SENIOR PORTFOLIO MANAGER<br>AND PORTFOLIO MANAGER PERFORMANCE<br>PLANS  |
| Action/Chris O'Brien      | 5. | 2005-2006 PERFORMANCE PLAN FOR<br>RECENTLY APPOINTED SENIOR PORTFOLIO<br>MANAGER, CORPORATE GOVERNANCE   |

Action/Chris O'Brien	6.	PROPOSED REVISIONS TO THE PERFORMANCE EVALUATION PROCESS FOR THE CHIEF EXECUTIVE OFFICER AND OTHER BOARD DIRECT REPORTS
Action/Chris O'Brien	7.	SELECTION OF THE RFP FINALISTS FOR EXECUTIVE COMPENSATION CONSULTANT
Information/Chris O'Brien	8.	HUMAN RESOURCES DIVISION REPORT
Information/Chris O'Brien	9.	PROPOSED FEBRUARY 2006 AGENDA
Information/Chris O'Brien	10.	PUBLIC COMMENT

NOTE: Items designated for information are appropriate for Committee action if the Committee wishes to take action. Any agenda item acted upon at this committee meeting may be brought to the full Board at its next regularly scheduled meeting.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION**

**R STREET SUBCOMMITTEE  
OF THE INVESTMENT COMMITTEE**

**DECEMBER 9, 2005**

**11:30 AM**

**OR UPON ADJOURNMENT OR RECESS OF THE  
PERFORMANCE AND COMPENSATION COMMITTEE MEETING,  
WHICHEVER IS LATER**

**LINCOLN PLAZA NORTH  
400 Q STREET  
ROOM 1140  
SACRAMENTO, CALIFORNIA**

**CLOSED SESSION**

**(Government Code**

**Section 11126(c)(16) and 11126(e)(2))**

**OPEN SESSION (Immediately Upon Adjournment or Recess of Closed Session)**

**ROLL CALL:**

**COMMITTEE MEMBERS:**

Charles Valdes, Chair

Robert F. Carlson, Vice Chair

Ronald Alvarado

Priya Mathur

Kurato Shimada

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION**

**R STREET SUBCOMMITTEE  
OF THE INVESTMENT COMMITTEE**

**DECEMBER 9, 2005**

**11:30 AM  
OR UPON ADJOURNMENT OR RECESS OF THE  
PERFORMANCE AND COMPENSATION COMMITTEE MEETING,  
WHICHEVER IS LATER**

**LINCOLN PLAZA NORTH  
400 Q STREET  
ROOM 1140  
SACRAMENTO, CALIFORNIA**

**CLOSED SESSION  
(Government Code  
Section 11126(c)(16) and 11126(e)(2))**

**CLOSED SESSION**

- |             |    |  |
|-------------|----|--|
|             | 1. | CALL TO ORDER AND ROLL CALL  |
| ACTION      | 2. | Approval of the September 16, 2005 R Street Subcommittee Closed Session Meeting Minutes  |
| INFORMATION | 3. | Actual and Potential Litigation and Settlement – Headquarters Building <ul style="list-style-type: none"><li>a. CalPERS v. City of Sacramento, et al. (Sacramento Superior Court No. 05AS04154)</li><li>b. Other Potential Litigation and Settlement Matters</li></ul> |

NOTE: Items designated for information are appropriate for Subcommittee action if the Subcommittee wishes to take action. Any agenda item acted upon at this committee may be brought to the Investment Committee at its next regularly scheduled meeting.

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION**

**R STREET SUBCOMMITTEE  
OF THE INVESTMENT COMMITTEE**

**DECEMBER 9, 2005**

**OPEN SESSION**

**Immediately upon adjournment of Closed Session**

- |             |    |  |
|-------------|----|--|
|             | 1. | CALL TO ORDER AND ROLL CALL  |
| ACTION      | 2. | Approval of the August 12, 2005 R Street Subcommittee Open Session Meeting Minutes |
| INFORMATION | 3. | Real Estate Update on R Street Residential Development                             |
| INFORMATION | 4. | R Street Manager's Report  |
| ACTION      | 5. | Draft R St Subcommittee Calendar for 2006  |
| ACTION      | 6. | Proposed Agenda for the February 10, 2006 R Street Subcommittee Meeting            |
| INFORMATION | 7. | Public Comment   |

NOTE: Items designated for information are appropriate for Subcommittee action if the Subcommittee wishes to take action. Any agenda item acted upon at this committee may be brought to the Investment Committee at its next regularly scheduled meeting.

**California Public Employees' Retirement System  
Board of Administration**

**Policy Subcommittee  
Of the  
Investment Committee**

December 9, 2005

At 1:00 p.m. or upon adjournment or recess of the  
R Street Subcommittee Meeting,  
whichever is later.

Lincoln Plaza North  
400 Q Street  
Room 1140  
Sacramento, California

**COMMITTEE MEMBERS**

**Priya Mathur, Chair**  
**Steve Westly, Vice Chair**  
**Philip Angelides**  
**Robert Carlson**  
**Charles Valdes**

**AGENDA**

1. Call to Order and Roll Call
- ACTION  
B. Stocking  
B. Langhi  
ACTION  
M. Cottrill  
ACTION  
A. Phillips
2. Approval of the September 16, 2005 Meeting Minutes
3. Real Estate Policies
  - a. Revision of Equity Real Estate  
Revision of Opportunistic Real Estate  
Revision of Timber Real Estate
  - b. Revision of Equity Real Estate Leverage
4. Equity Policies
  - a. Adoption of International Enhanced Index Strategy –  
Externally Managed (Second Reading)
5. Fixed Income Policies
  - a. Revision of Dollar-Denominated Fixed Income Short  
Duration Investment

ACTION/INFORMATION	6. Administrative
G. Hood	a. Proposed February 2006 Agenda
INFORMATION	7. Public Comment

Note: Items designated for information are appropriate for Subcommittee action if the Subcommittee wishes to take action. Any agenda item acted upon at this Subcommittee meeting may be brought to the Investment Committee at its next regularly scheduled meeting. Items are noticed for action after a first reading. The Committee is free, however, to request a second reading of any item before approving it.